REGULATORY FOCUS AND ENTREPRENEURIAL FREEDOM

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ABSTRACT

Entrepreneurs are typically motivated by a desire for freedom, which is here defined in terms of the acquisition and exercise of capabilities in the pursuit of valued outcomes. At the same time, evidence suggests that entrepreneurs are more strongly motivated by promotion focus, which refers to the fundamental self-regulatory orientation towards positive attainment goals. This theoretical paper unites these two bodies of work and argues that entrepreneurs are more inclined towards positive freedom because they typically possess stronger promotion focus. The paper generates exploratory propositions encapsulating these arguments and concludes by discussing implications for research and practice.

INTRODUCTION

The desire for freedom often motivates people to choose entrepreneurship as a career path and inspires a common purpose within entrepreneurial teams (Bhide 2000, Korunka et al. 2003). Having chosen such a path, entrepreneurs then pursue freedom as an individual and collective goal. In doing so, they employ social cognitive self-regulation to direct their own thought and behavior towards the achievement of freedom (Bandura 1997, Forbes 2005). When viewed in these terms, the pursuit of freedom by entrepreneurs is deeply related to self-regulation as a form of entrepreneurial cognition (Baron 2004).

However, very few studies explore freedom in relation to entrepreneurial cognition, or specifically self-regulation. This may be partly explained by the fact that theories of freedom tend to be abstract and prescriptive and hence not easily applied in practical settings (see Sarasvathy 2002). My theoretical paper addresses this challenge by exploring the self-regulated pursuit of freedom as an important feature of the entrepreneurial process (see Shane & Venkataraman 2000b). In particular, the paper analyzes the relationship between entrepreneurial cognition, in the form of social cognitive self-regulation, and the pursuit of freedom by entrepreneurs. The paper therefore addresses the following question: how and why do entrepreneurs self-regulate their own thought and behavior in the pursuit of freedom?

To explore these issues, the paper draws on three bodies of literature: entrepreneurial cognition (Mitchell et al. 2007), regulatory focus theory (Higgins 1998), and the rich literature on freedom (e.g., Berlin 1969, Rawls 1996, Sen 1999). The first and second of these literatures have already received integrative attention in recent years (e.g., Baron 2004, Brockner et al. 2004). The third has not, and the paper addresses that gap. More specifically, the paper argues that entrepreneurial conceptions of freedom are strongly related to the self-regulatory orientations described by regulatory focus theory (Higgins 1998).

With regard to entrepreneurial behavior more generally, scholars have largely abandoned the search for explanations grounded in personality traits and instead explore the role of entrepreneurial cognition, defined to include mental models, heuristics, intuitions and self-regulatory characteristics (Baron 2004, Busenitz & Barney 1997). Some also explicitly link
cognition to important aspects of entrepreneurial behavior, such as building relationships of trust and social capital, and the creation of firm boundaries and strategic alliances (De Carolis & Saparito 2006, Kogut 2000). Unlike this paper, however, no prior studies have compared or integrated the literatures regarding the social cognitive psychology of entrepreneurs on the one hand, and theories of freedom on the other.

The rest of the paper proceeds as follows. It first discusses the literature on regulatory focus as an aspect of social cognitive self-regulation. Next, the paper reviews theories of freedom and relates them to regulatory focus, arguing that regulatory focus influences both the perception and pursuit of freedom. This discussion leads to a number of exploratory propositions about the role of regulatory focus in entrepreneurial freedom. Finally, the paper discusses the implications for future research and practice.

THEORETICAL BACKGROUND

In a world where organizations are becoming more dynamic, networked and societal, the self-regulation of behavior is increasingly relevant for management studies (Brotherton 1999, Wood 2005). Interest in these topics is also driven by widespread practical changes in organizations, where a high priority is now placed on individual initiative, teamwork and leadership, prompting greater attention towards social cognitive factors such as self-regulation (Hambrick et al. 2005, Kanfer 2005). With regard to regulatory focus, in particular, studies investigate its influence on leadership (Kark & Van Dijk 2007), marketing (Hamilton & Biehal 2005), entrepreneurship (Brockner et al. 2004) and decision making (Higgins 2000a). This paper explores its relation to entrepreneurial freedom.

Regulatory Focus Theory

Higgins’ (1998) regulatory focus theory refers to a person’s self-regulatory orientation towards future self-states. Regulatory focus is expressed as two distinct orientations: promotion focus and prevention focus. Promotion focus refers to those circumstances where growth and advancement needs motivate people to try to bring themselves into alignment with their ideal selves and thus to attain desired self-states. When acting from a promotion focus, people are motivated by self-standards based on wishes and aspirations of how they would like to be. Promotion focus is therefore associated with the importance of potential gains and the use of eager approach means to achieve such goals (Higgins 1998).

In contrast, prevention focus refers to those circumstances where security and safety needs prompt people to seek alignment with their ought selves. From a prevention focus, people are motivated by self-standards based on felt duties and responsibilities and the avoidance of undesired self-states. Prevention focus is therefore associated with the importance of potential losses and the use of vigilant means to avoid such losses. In summary, regulatory focus determines whether a person’s primary motivation is promotional to attain gains, or preventative to avoid losses (Higgins et al. 2001).

Regulatory focus can occur as both a chronic person variable and a situationally induced variable (Shah et al. 1998, Van-Dijk & Kluger 2004). The chronic form largely derives from a person’s development and past achievement history in promotion and prevention goal attainment (Higgins et al. 2001, Higgins & Silberman 1998). At the same time, regulatory focus occurs as a situational variable. It is typically brought about by framing problems in terms of gains or non-gains, triggering a promotion focus, or by framing problems in terms of losses and non-losses, triggering a prevention focus (Forster et al. 1998). Moreover, both the chronic and situational forms of regulatory focus are uncorrelated and may occur in convergent or divergent combinations (Higgins & Spiegel 2005). That is, a person acting from chronic promotion or prevention focus may be induced to adopt either a situational prevention or promotion focus. It is also possible to employ a mixture of chronic and situational orientations simultaneously (Brockner et al. 2004). In any case, many of the effects of regulatory focus are common to both its chronic and situational manifestations (Higgins et al. 1999).

Theories of Freedom

Theories of freedom have a long history. In classical thought, writers were most concerned with freedom as the status of persons in relation to the sovereign or the state. Notable early political theorists, such as Thomas Hobbes, shared this concern, focusing especially on expanding the relative autonomy and power of the individual in relation to the state’s authority and
legitimacy (Skinner 1998). A few writers of this early period, for example, Thomas More, also discussed freedom in terms of individual conscience, free will and moral autonomy. However, More’s struggles against Henry VIII were more akin to Aristotle’s deliberations on moral virtue as opposed to the exercise of political freedom (cf. Aristotle 1980). However, these more personal aspects of freedom became more extensive during the European enlightenment period, as theories of freedom and liberty extended to cover the political, economic and cultural aspects of social life (Ryan & Deci 2006). Major contemporary theories of freedom continue this tradition, as they debate the relative status of the individual’s capabilities and rights in relation to political, economic and cultural norms and institutions (e.g., Pettit 2001, Rawls 1996).

As this brief history suggests, the contemporary focus on political, economic and cultural freedom raises questions about the nature and extent of social and historical contingency. That is, writers debate whether certain freedoms are universal and perennial, or whether all freedoms are contingent upon social and historical conditions (Sarasvathy 2002). These debates are more pressing and contentious in the context of globalization, as economic, social and cultural system become increasingly networked and inter-connected. In particular, some argue that the Western European concept of freedom as individual self-determination is derivative of peculiar historical and cultural developments, and that it should not be imposed on societies which favor more collectivist traditions and values (Sen 1998).

Other long-standing debates focus on free will versus determinism. Scholars debate the extent of individual freedom as the capability to choose, versus the constraints imposed by limited intelligence, social habits, divine forces and collective compliance. In recent decades, this debate has focused on psychological constraints upon free will. For example, B.F. Skinner famously argued for a behaviorist conception of human action which left very limited scope for free will (Ryan & Deci 2006). He wrote that the “struggle for freedom is not due to a will to be free, but to certain behavioral processes characteristic of the human organism, the chief affect of which is the avoidance or escape from so-called aversive features of the environment” (Skinner 1971: 46). While a contemporary Harvard psychologist, Dan Wegner (2002), argues that the perception of free will is partially an illusion reflecting the functional need of the self to perceive itself as a volitional agent. These debates frame contemporary discussion of the psychology of freedom and the related topics of individual autonomy and self-determination. Indeed, “the presumption in modern society is that self-determination is a good thing, both psychologically and morally. Freedom and autonomy are words that come to mind as rough synonyms” (Schwartz 2000: 80). However, it is not the goal of this paper to resolve these deep and enduring debates about the origin and extent of individual freedom as autonomy. Rather, the paper seeks to relate fundamental categories of freedom to self-regulatory orientations, which assumes neither strong nor weak levels of autonomy and self-determination.

Regarding the fundamental categories of freedom, writers draw the distinction between freedom as the presence of positive conditions, versus freedom as the absence of negative conditions. Arguing in this vein, Isaiah Berlin (1969) proposes two fundamental concepts of freedom (or liberty), being positive and negative freedom. He defines positive freedom as the possession of a capability or opportunity to attain valued objectives, while negative freedom is defined as the absence of constrains or restrictions on the pursuit of valued objectives. This influential categorization of freedom can be applied to almost any domain of human activity, whether personal, political, economic or social.

Amartya Sen (2000) proposes a similar dual conception of freedom as the possession or lack of capabilities. Thus, he defines freedom as “individual capabilities to do things that a person has reason to value” (Sen 2000: 56). He further argues that imparting capabilities is critical to socio-economic and political development, and hence “the removal of substantial un-freedoms . . . is constitutive of development” (Sen 2000: xii). Once again, therefore, freedom is categorized in both positive and negative terms. For Sen, that is, freedom conceived in a positive sense is the possession and exercise of capabilities, while freedom conceived in a negative sense is the absence of constraints on the acquisition and exercise of capabilities.

In the rest of this paper, I employ very similar conceptions of freedom. I define positive freedom as the possession of capabilities to attain valued objectives, while I define negative freedom as the absence of constraints on capabilities to attain valued objectives. In the next section, I relate these conceptions of freedom to regulatory focus, especially in the context of entrepreneurship.
DEVELOPMENT OF PROPOSITIONS

As noted earlier, regulatory focus is expressed as two distinct and uncorrelated self-regulatory orientations: promotion focus and prevention focus. Promotion focus is associated with the importance of attaining potential gains and the use of eager approach means. In contrast, prevention focus is associated with the importance of avoiding potential losses and the use of vigilant avoidance means. Regarding the literature on freedom, the most fundamental distinction is between positive freedom and negative freedom, as discussed earlier (see Berlin 1969, Sen 2000). Uniting these literatures on regulatory focus and freedom, I will argue that the positive conception of freedom is more strongly related to acting from a promotion focus, while the negative conception of freedom is more strongly related to acting from a prevention focus.

To begin with, recall that regulatory focus describes the fundamental orientations of persons as they self-regulate their own thought and behavior in goal pursuit. On the one hand, acting from a promotion focus is associated with the eager pursuit of potential gains. Such people are motivated by self-standards based on wishes and aspirations of how they would like to be. Acting from a promotion focus is thus associated with the use of eager approach means in the pursuit of positive gains as ends. In other words, acting from a promotion focus can be understood as the exercise of capabilities as an expression of positive freedom.

On the other hand, acting from a prevention focus is associated with the vigilant avoidance of losses. Such people are motivated by self-standards based on felt duties and responsibilities and the avoidance of undesired self-states (Higgins et al. 2001). Acting from a prevention focus is thus associated with the use of vigilant avoidance means in the prevention of negative losses, including the loss of capabilities and opportunities. Acting from a prevention focus can therefore be understood as an expression of negative freedom.

In summary, promotion focus is associated with the importance of potential gains, which inclines people towards positive freedom in terms of seeking and exercising capabilities, whereas the motivation to avoid losses from a prevention focus inclines people towards negative freedom in terms of avoiding and removing constraints.

Having thus related regulatory focus and major conceptions of freedom, I argue that entrepreneurs are more likely to self-regulate towards positive freedoms from a promotion focus (see Baron 2004, Brockner et al. 2004). Indeed, most entrepreneurs exhibit a dominant promotion focus in pursuit of potential gains, while focusing less on avoiding potential losses from a prevention focus (cf. Alvarez & Busenitz 2001, Shane & Venkataraman 2000a). Other studies show the influence of early developmental experiences and family history on stimulating entrepreneurial activity (see Greve & Salaff 2003, Krueger Jr et al. 2000, Steier et al. 2004, Stewart et al. 1999), and these factors are important determinants of a person’s dominant regulatory focus (Higgins & Silberman 1998). Consequently, a number of scholars argue that entrepreneurs are more likely to act from a promotion focus, while also being energized by the adaptive combination of both promotion and prevention orientations (Baron 2004, Brockner & Higgins 2001, Brockner et al. 2004). In summary, therefore, the literature suggests that promotion focus will be an important factor entrepreneurial behavior. This cumulative body of evidence points to a deep relationship between regulatory focus and entrepreneurial freedom, leading to the following exploratory proposition:

Proposition 1. Entrepreneurs are more likely to seek and exercise positive freedoms from a promotion focus, than to seek and exercise negative freedoms from a prevention focus.

Furthermore, as Higgins and his colleagues (Higgins et al. 2003) have shown, people acting from a promotion focus will value positive gains more highly, because they “fit” a promotion focus. The opposite tendency is observed when people acting from prevention focus value preventative achievements more highly. In relation to entrepreneurs, this suggests that they will value outcomes more highly when they enact positive freedoms, defined as the exercise of capabilities in the pursuit of valued ends, compared to similar outcomes that enact negative freedoms. For example, other things being equal, an entrepreneur is more likely to value market success that results from successful product development and customer sales, rather than market successes which result from the denial of entry opportunities to potential competitors. This argument underpins the second proposition:
Proposition 2. Entrepreneurs will value achievements that enact positive freedoms from a promotion focus more highly than achievements that enact negative freedoms from a prevention focus.

In addition, entrepreneurs will be more inclined to choose positive freedoms before negative freedoms, in situations where there is a conflict or trade-off to be made (see Higgins 2000b). For example, when making strategic choices during opportunity exploitation, an entrepreneur will be more inclined to adopt strategies that promote the exercise of capabilities in the pursuit of gains as an expression of positive freedom, rather than choosing options that minimize constraints on capabilities in the avoidance of losses as an expression of negative freedom. This argument leads to the third proposition:

Proposition 3. Entrepreneurs are more inclined to trade off negative freedoms in exchange for positive freedoms, reflecting the fact that they are more likely to seek positive freedoms from promotion focus.

DISCUSSION

The paper argues that promotion focus, as a feature of entrepreneurial cognition, inclines entrepreneurs to seek and exercise positive freedom more strongly than negative freedom. That is, entrepreneurs are more inclined to seek and exercise capabilities in the pursuit of valued outcomes, rather than seeking to avoid constraints on such capabilities. Thus, the paper joins the fundamental characteristics of self-regulatory orientation with the fundamental categories of entrepreneurial freedom. In doing so, the paper suggests that the pursuit of freedom by entrepreneurs has to be understood in terms of underlying motivation systems and self-regulatory orientations. In contrast, the existing literature on this topic conflates different conceptions of freedom. These contentions have further implications for a number of areas of research in entrepreneurship.

Firstly, the paper suggests that possessing a stronger promotion focus inclines nascent entrepreneurs to choose an entrepreneurial career as an expression of positive freedom, rather than choosing roles which express negative freedom. That is, their orientation is towards career opportunities in which they can promote their capabilities in the pursuit of gains, rather than merely seeking roles which avoid undesired constraints on action. Thus, when entrepreneurs explain their career choice as a quest for personal freedom, they should be understood to refer to positive freedom rather than negative freedom. In contrast, prior analyses of these phenomena have not distinguished between different types of freedom and the self-regulatory orientations that support them (cf. Carter et al. 2003, Vecchio 2003). By introducing this fundamental distinction, the paper contributes to the literature on entrepreneurial motivation and cognition, while also contributing to the literature on the psychology of freedom as such. Indeed, the paper suggests that entrepreneurship should be understood as a critical expression of positive freedom in socio-economic thought and action (Bandura 1997).

In addition, by conceiving of freedom in terms of capabilities, the paper raises issues regarding dynamic capabilities as a feature of entrepreneurship. In much of the literature on dynamic capabilities and entrepreneurship, firm-level capabilities are implicitly described in terms of positive freedoms rather than negative freedoms (see Zahra et al. 2006). That is, dynamic capabilities are described in terms capabilities in pursuit of strategic gains, rather than in terms of seeking to prevent losses or avoid constraints on strategic action (Eisenhardt & Martin 2000). Yet the literature on dynamic capabilities has not yet made this connection with positive conceptions of freedom. It is a connection well worth making, especially in relation to the young entrepreneurial firms in which the motivations and goals of founders have a significant influence on the emergence of firm-level strategies and dynamic capabilities (Newbert 2005). Indeed, as the founders of new firms seek and exercise positive freedoms from a promotion focus, they lay the foundation for the development of dynamic capabilities as a strategic choice (cf. De Rond & Thietart 2007).

As a related implication, the paper also suggests that entrepreneurs will be more inclined towards utopian ideals of justice grounded in positive freedoms, as opposed to contractual ideals grounded in negative freedoms (see Sen 2000). If so, then entrepreneurs will be more likely to adopt idealistic standards of fairness in decision making, procedural justice, building trust, and in negotiation. They will be more strongly committed to their ideals of freedom and less willing to compromise (Sarasvathy et al. 1998). Indeed, evidence suggests that this is the case and that many entrepreneurs see it as a virtue (Brockner & Higgins 2001, Kark & Van Dijk 2007). The paper...
therefore suggests that regulatory focus influences conceptions of what is fair and just among entrepreneurs, given that trade-offs between competing freedoms are integral to those conceptions (Higgins 2000b, Rawls 1971).

Building on these arguments regarding justice and freedom, the paper also has implications for the burgeoning field of social entrepreneurship. In particular, if one assumes Sen’s (2000) argument that development is based upon freedom (conceived as capabilities), then social entrepreneurship should focus on building capabilities and preventing constraints upon them. This implies that social entrepreneurs will be most effective when motivated by promotion focus in the pursuit of positive freedoms conceived as development goals, while also seeking to avoid un-freedoms conceived as the loss of capabilities from a prevention focus. Moreover, as an extension to Sen’s thesis, the paper suggests that achieving a balance of the two forms of freedom, and hence combining both promotion focus and prevention focus, may be required for sustainable development as freedom.

If empirical studies validate the arguments and propositions developed in this paper, the results will support significant practical implications as well. Firstly, regarding education and training, it is already known that self-regulatory characteristics can be enhanced by interventions and situational priming (Higgins 2002). It may then be possible to design educational and management techniques which strengthen the regulatory orientations that foster ideals of positive freedom and justice among entrepreneurs (cf. Kark & Van Dijk 2007). Practical measures of this kind would be of great benefit to entrepreneurs and those who support them. Secondly, in terms of policy and strategy, the arguments developed here may provide new techniques to manage and develop dynamic capabilities within entrepreneurial firms. That is, having shown that regulatory focus influences the conception and pursuit of entrepreneurial freedom as capabilities, one could seek to develop specific positive freedoms as dynamic capabilities through stimulating relevant self-regulatory orientations.

**CONCLUSION**

Entrepreneurship is often characterized as a quest for personal autonomy and professional freedom. It entails significant uncertainty and risk, and calls for persistent self-direction in the face of obstacles and setbacks. Strong skills of self-regulation support entrepreneurs in these endeavors, as they self-regulate thought and action in the pursuit of opportunities and the exercise of capabilities. In these respects, entrepreneurs are more likely to exhibit strong promotion focus and seek positive freedom in the pursuit of gains. In contrast, they are less likely to display prevention focus and seek negative freedom in the avoidance of losses. As this paper argues, entrepreneurs thereby exemplify the self-regulated quest for positive freedom, pointing towards a novel synthesis of regulatory focus theory and fundamental conceptions of freedom.

**REFERENCES**


